

1 improved business investment. That's what we've done in  
2 this case.

3 MR. ABERLEE: And can the intervenors and  
4 potentially future rate payers obtain that information?

5 THE WITNESS: I guess I would direct that to  
6 legal counsel. I do not know that answer.

7 MS. DUCHENEAUX: At this point we're -- since  
8 nothing is final with the purchases we are going to go  
9 through, we're not going to make that information public.  
10 What we're going to do is follow the same procedure as is  
11 being followed by the other buyers and that is make the  
12 information available to the PUC, and that information will  
13 be obtained for them in the same manner.

14 MR. ABERLEE: Okay. As far as determining  
15 rates that are going to be charged, would it be fair to say  
16 that it's going to be controlled by a number of factors,  
17 those being purchase price, the amount which is financed,  
18 the interest rate which is going to be charged in order to  
19 repay that debt? Is that not correct?

20 THE WITNESS: Correct.

21 MR. ABERLEE: Don't you believe that would be a  
22 legitimate concern for rate payers if the sale goes through?

23 THE WITNESS: It's a legitimate concern.

24 MR. ABERLEE: So it should be something that  
25 should be available at least to the Public Utilities

1 Commission and others that are very concerned about the  
2 sale, wouldn't you say?

3 THE WITNESS: Yes. And I guess that, for a  
4 second time, our company will follow the same conditions as  
5 the other companies. If those terms and financial records  
6 are requested through the proper channels, we have no  
7 problem submitting them to the proper channels.

8 MR. ABERLEE: Okay. What about the plans and  
9 feasibility studies? Would those also be available to be  
10 analyzed to see what is contained in those?

11 THE WITNESS: Are you asking me who would I  
12 submit those to?

13 MR. ABERLEE: No. Would the Cheyenne River  
14 Telephone Authority be willing to submit those documents?

15 THE WITNESS: To?

16 MR. ABERLEE: To the Public Utilities  
17 Commission or any other interested party that would be  
18 requesting the information.

19 THE WITNESS: I think, again, the  
20 confidentiality the way request wants are going through,  
21 we're going to follow what we're obligated to do. And if  
22 they have no problem with that as a group, then we don't  
23 either.

24 MR. ABERLEE: So, basically, if the Public  
25 Utilities Commission requests that information, in order to

1 get the sale through, you would provide it? But as soon as  
2 the sale is completed, that would be the end of the PUC  
3 regulation authority over the telephone authority; correct,  
4 as far as the Timber Lake Exchange?

5 THE WITNESS: Correct. And, like I said, we'll  
6 work on our MOU, which will be a binding agreement, which  
7 provides the protection and security to the people in that  
8 exchange.

9 MR. ABERLEE: Does the Cheyenne River Telephone  
10 Authority receive a billing to offset some of the costs for  
11 the Public Utilities Commission?

12 THE WITNESS: We receive one billing.

13 MR. ABERLEE: You don't receive one every year?

14 THE WITNESS: Not that I'm aware of. I receive  
15 one billing. And we do not pay that as we're not under the  
16 jurisdiction of the South Dakota Public Utilities  
17 Commission.

18 MR. ABERLEE: Okay. You testified earlier  
19 about the history of the Cheyenne River Telephone Authority  
20 in about 1956. Would it be safe to say -- And I believe  
21 this comes out of the application for certificate of  
22 convenience -- necessary and that would have been when you  
23 purchased West River Telephone; correct?

24 A Correct.

25 Q At that time I believe the application states that

1 at present and since about 1956 has owned and operated a  
2 telephone communications system upon and within a territory  
3 of the state of South Dakota known as the Cheyenne River  
4 Indian Reservation. That said telephone system commutes  
5 approximately 218 phone miles, in excess of 200 stations,  
6 that said tribal operations is not considered subject to the  
7 jurisdiction just mentioned. Would that have been an  
8 accurate statement in 1958 or October of 1958 when that was  
9 submitted for that purchase?

10 THE WITNESS: I don't know how accurate it is.

11 MR. ABERLEE: And at that time the Cheyenne  
12 River Telephone Authority was purchasing exchanges in Eagle  
13 Butte; correct?

14 THE WITNESS: Correct.

15 MS. DUCHENEAUX: I'm not sure what the  
16 relevance of this line of questioning is. Unless Mr.  
17 Aberlee intends to tie in this history of the Cheyenne River  
18 Sioux Tribe Telephone Authority with Owl River's purchase of  
19 these exchanges, I would object to it.

20 MR. ABERLEE: I believe I'll get to that right  
21 away.

22 THE CHAIRMAN: I'll allow it.

23 MR. ABERLEE: In paragraph number six on page  
24 two of that application, it's referring to the exchanges  
25 that they were purchasing. And it states that applicant,

1 insofar as its telephone operations outside the jurisdiction  
2 of the Cheyenne Indian Sioux River Reservation variance, if  
3 issued a certificiate of convenience and that is for those  
4 three named exchanges, agrees that it is subject to the  
5 jurisdiction of this Commission and that it will comply with  
6 the applicable rules and regulations of this commission.  
7 And that was signed on October 16th, 1958, by Anthony A.  
8 Rivers as the chairman of the Cheyenne River Sioux Tribal  
9 Council. That has not been followed through, has it?

10 MS. DUCHENEAUX: Mr. Chairman, we haven't had  
11 an opportunity to look at the document that he's referring  
12 to. I'm not saying that we don't have it. I have not  
13 looked at it. I would again ask that my client not answer  
14 this question until the June first and second meeting at  
15 Pierre, at which time we will be prepared to answer it.

16 THE CHAIRMAN: It seems to me that's a  
17 fundamental document, isn't it?

18 MS. DUCHENEAUX: Yes, it probably is. I'm not  
19 quite sure. I haven't had time to read it or to be prepared  
20 to address it. And I will be prepared to address it on the  
21 June first and second.

22 THE CHAIRMAN: Well, I'm going to rule that the  
23 witness can answer that question since it's something that  
24 you can read in the paragraph there. It's his document of  
25 your Charter. I would think you'd be familiar with it,

1 therefore, he can answer yes or no whether they follow the  
2 reservation or not.

3 MS. DUCHENEAUX: Mr. Chairman, the document was  
4 approved in 19 -- It was signed by a tribal chairman in  
5 1958. Now, we have had subsequent enactments by the tribal  
6 council that may supersede this. Ordinance 24 was not  
7 enacted until 1978.

8 THE CHAIRMAN: Is that the heart of your  
9 question, Mr. Aberlee?

10 MR. ABERLEE: No, it isn't the heart of my  
11 question. Is that in 1958 the Cheyenne River Sioux Tribe  
12 agreed that with regard to the purchase of those three  
13 exchanges, that they would comply with the rules and  
14 regulations of the Cheyenne -- of the Public Utilities  
15 Commission. And Mr. Williams is here today telling you that  
16 they're not subject to the rules and regulations of the  
17 Public Utilities Commission with regard to those exchanges.

18 MS. DUCHENEAUX: Number six says that  
19 applicant, insofar as its telephone operation, is outside  
20 the jurisdiction of the Cheyenne River Sioux Indian  
21 Reservation. A certificate of convenience and necessity  
22 agrees that it is subject to the jurisdiction of this  
23 Commission, which is essentially what Mr. Williams testified  
24 to. That for those exchanges outside the jurisdiction of  
25 the Cheyenne River Sioux Reservation, the PUC can regulate.

1                   Mr. Chairman, again, I would like an  
2 opportunity to review this document and be prepared to  
3 answer that and perhaps that will assist you in making a  
4 decision.

5                   THE CHAIRMAN: Are you prepared to answer this  
6 more definitively on June first and second?

7                   THE WITNESS: I feel we will be.

8                   THE CHAIRMAN: That's satisfactory, Mr.  
9 Aberlee?

10                  MR. ABERLEE: With regard to collection of tax  
11 revenues in the Mc -- Excuse me, the Morristown area, that  
12 would be on the Standing Rock Indian Reservation; correct?

13                  THE WITNESS: Correct.

14                  MR. ABERLEE: And there potentially would be  
15 legal issues whether or not another tribe could be taxed on  
16 another Indian reservation; correct?

17                  THE WITNESS: Correct.

18                  MR. ABERLEE: And even though you are here  
19 today saying that the Owl River Telephone Corporation  
20 intends to be paying gross receipts tax in Morristown, that  
21 could easily change, couldn't it?

22                  THE WITNESS: Very possibly so. We may have to  
23 pay the Standing Rock Sioux Tribe gross receipts tax to them  
24 on the portion that they control through the exchange.

25                  MR. ABERLEE: But it may also change that you

1 would no longer pay a gross receipts tax to the state of  
2 South Dakota, which would go on to fund education in Corson  
3 County; isn't that correct?

4 THE WITNESS: In a portion of Morrystown  
5 Exchange it falls outside of Indian country, we have to pay  
6 gross receipts sales tax, which is approximately a third of  
7 the Morrystown Exchange area.

8 MR. ABERLEE: But it would be your position  
9 that the portion of the Morrystown Exchange in South Dakota  
10 is entirely within Indian country; correct?

11 THE WITNESS: Correct.

12 MR. ABERLEE: And, therefore, not subject to  
13 the gross receipts tax?

14 THE WITNESS: Correct.

15 MR. ABERLEE: Okay. So that money would be  
16 lost for education in Corson County as well?

17 THE WITNESS: A portion could be if the state  
18 so deems it to work up an agreement to collect from members  
19 of the nonIndians that portion would be recoverable.

20 MR. ABERLEE: And there may be questions on the  
21 collection of real estate taxes or other taxes in Nisland  
22 that may arise at some point in time; correct?

23 THE WITNESS: Not according to the memorandum  
24 of law that we have researched. We owe it as gross receipts  
25 taxes as any other cooperative would owe.



1 MR. ABERLEE: So the main thing, we've got the  
2 possibility of at least two lawsuits looming in the horizon,  
3 and those are, number one, the collection of gross receipts  
4 tax in the Timber Lake Exchange where you say absent some  
5 type of collection agreement, it is not going to be paid  
6 because there's no enforcement mechanism, even though the  
7 Supreme Court has said that can be collected.

8 Then in Corson County there is a possibility of  
9 a second lawsuit involving the taxing jurisdiction of Corson  
10 County in the state of South Dakota relating to the Owl  
11 River Telephone Corporation being within Indian country  
12 again; correct?

13 THE WITNESS: Could be. Could be also.

14 MS. DUCHENEAUX: Mr. Chairman, I'm going to  
15 advise my client that he is not to answer that. We have not  
16 discussed the potential lawsuits that may arise out of any  
17 of these purchases. And Mr. Williams is not in the position  
18 to answer that. As Mr. Aberlee, said the Supreme Court said  
19 these taxes can be collected, but they didn't provide the  
20 states with the mechanism for collection. That's where the  
21 Sioux River Tribe will likely enter into whatever agreements  
22 that are necessary that do not compromise the sovereign  
23 jurisdiction to collect taxes and regulate.

24 I think that, again, these issues could be  
25 better reserved and presented to the Commission so that they

1 have more information on which to base a decision. Mr.  
2 Aberlee is talking about the collection of taxes that the  
3 Supreme Court said are permissible only. And unless he's  
4 prepared to state that as state's attorney for Dewey County  
5 that he's going to file suit to collect these taxes, then I  
6 don't think that the issue is relevant at this point.

7 THE CHAIRMAN: Do you have a response?

8 MR. ABERLEE: Okay. I believe Mr. Williams was  
9 one that testified from the written statement as to the  
10 position of the Cheyenne River Sioux Tribe on these taxes.  
11 I believe that it is fair for me to cross-examine Mr.  
12 Williams on those. If he does not know the answer, I  
13 believe simply state, "I do not know the answer," at which  
14 time I can proceed on.

15 If Miss Lawrence has any questions to something  
16 she would like to ask Mr. Williams to follow up with, she's  
17 certainly welcome to do that. But at this point in time I  
18 believe it's been interruption after interruption in the  
19 questions I have been asking Mr. Williams.

20 MS. DUCHENEAUX: Mr. Chairman, the reason for  
21 that is Mr. Williams does not have the expertise with which  
22 to answer these questions. I'm going to advise him to state  
23 that he cannot answer them and we can move forward.

24 THE CHAIRMAN: Then that's all he needs to say.  
25 These are proper questions under the purview of the

1 Commission. And it's the responsibility of Senate Bill 240  
2 as one of the proper topics of determining the interest of  
3 taxes. These are questions of facts this Commission is  
4 going to get to one way or another in order to make a  
5 determination.

6 If your witness chooses not to be responsive,  
7 then the Commission will take that into consideration. But  
8 if they're truly questions you cannot answer, that's all you  
9 need to say and we'll go on.

10 MR. ABERLEE: With regard to these possible  
11 lawsuits, if Owl River is sued in these collection efforts,  
12 where would that money come from to fund that lawsuit?

13 THE WITNESS: If Owl River was sued by one of  
14 the counties or both, where would that money come from?

15 MR. ABERLEE: Or the state of South Dakota.

16 THE WITNESS: Probably come from the company.  
17 But the point of that that you bring up possible lawsuits  
18 from the counties, I'll make it very clear there is an issue  
19 here that those taxes collected by the counties for 30 years  
20 and so the shoe can go on the other foot.

21 MR. ABERLEE: I don't believe that that was one  
22 of the considerations in the Senate bill. In any event, if  
23 it would be funded out of Owl River, basically you would  
24 wind up with a group of rate payers who would be footing the  
25 bill for the lawsuit, who have no representation on that

1 council, and who have had to in many cases foot the bill for  
2 the lost taxes. So they're losing all the way around.  
3 They're losing the taxes, they're funding the lawsuit, and  
4 they don't have anything to say about it. Would that be a  
5 fair assessment in that situation?

6 THE WITNESS: The lawsuit from -- would not be  
7 beneficial to our company and to the counties. So that  
8 would be a good reason not to do it.

9 MR. ABERLEE: Well, you said if it comes from  
10 Owl River it wouldn't be affecting your company, would it?

11 THE WITNESS: It would be affecting -- The  
12 companies would be affecting the customer himself.

13 MR. ABERLEE: I guess I'm going to quit at this  
14 time.

15 THE CHAIRMAN: Okay. Who's next here? Oh, Mr.  
16 Watson, do you have any questions of this witness?

17 MR. WATSON: No, sir.

18 THE CHAIRMAN: Mr. Hertz, do you have any?

19 MR. HERTZ: No, Commissioner.

20 THE CHAIRMAN: Mr. Macy?

21 MR. MACY: No.

22 THE CHAIRMAN: Mr. Todd?

23 MR. TODD: No, sir.

24 THE CHAIRMAN: Any questions, Mr. Fergel?

25 MR. FERGEL: Yes. Mr. Williams, does the CRST

1 own any exchanges between the Morristown Exchange and your  
2 base operations plant?

3 THE WITNESS: The Morristown and Isabel  
4 exchanges touches on the north exchange. I said the north  
5 part of our Isabel Exchange touches the corner of the  
6 Morristown Exchange.

7 MR. FERGEL: And what type of EAS service do  
8 you intend to offer the Morristown Exchange?

9 THE WITNESS: We intend to leave it as exactly  
10 as it is in, and, of course, dependent upon the corporation  
11 from the surrounding purchasing company of, I believe,  
12 McIntosh and Lemmon. And we'd have to work an agreement up  
13 with, I believe, it's West River Bison.

14 MR. FERGEL: So, in fact, if the purchase of  
15 the Morristown Exchange was approved and CRST did obtain  
16 that, there is no guarantee except for the two years that  
17 the EAS service will be in place?

18 THE WITNESS: There is no guarantee other than  
19 I stated the fact we have no plans to change that.

20 MR. FERGEL: Have you talked to the other two  
21 exchanges where there's current EAS service and made some  
22 type of an agreement, whether informal or informal,  
23 concerning the continuation of said EAS service if the sales  
24 are approved?

25 THE WITNESS: Informally we visited about it.

As far as a formal document being in place or, you know, the purchase hasn't been made and the sale hasn't been approved. So to let time take place here, it will probably remain informal until that point.

MR. FERGEL: You testified earlier that you have EAS service between your exchanges that you currently own now. Is any of that the EAS service provided between different companies? Do you have agreements now with other companies, telephone companies, to provide EAS service or is the EAS service that is provided strictly between exchanges that the CRST currently owns?

THE WITNESS: All EAS service we have now is all internal.

MR. FERGEL: So you do not have any current agreements with outside companies to provide EAS service?

THE WITNESS: Correct.

MR. FERGEL: Could you explain why that is?

THE WITNESS: Well, I think a lot of companies -- especially out in the rural areas there's a lot of distance involved. Your trade centers go to one area. And so your exchanges probably have the tendency to be set up that way much like Nolan West comes into the reservation and all of those customers with the underground cable was being put in late 1970's designated Faith as their trader.

So those people all call locally to Faith to do

1 their business, where the customers on the edge of that area  
2 do business back into our area. So they have to call Dupree  
3 back into our company and they call EAS back into Eagle  
4 Butte. I think that's probably why that's happened.

5 MR. FERGEL: You mentioned that you own an  
6 exchange that touches with Morristown, with the Morristown  
7 exchange area. Is there any reason why there is not EAS  
8 service between that exchange and some other exchanges  
9 within Corson County, and have you tried to initiate or  
10 provide such EAS service with other companies?

11 THE WITNESS: I guess we have not just for the  
12 sense these towns are located ten, twenty miles from each  
13 other and we haven't had those requests. Mainly, we talked  
14 about Isabel, which you have just mentioned. They have  
15 their own services within their community that are separate  
16 from, let's say, Timber Lake. And, you know, they're a  
17 further distance from McIntosh or McLaughlin, so there's  
18 probably a distance factor involved in there.

19 MR. FERGEL: One of the points to be considered  
20 in whether to allow the sale is whether or not said sale  
21 would promote economic development. How do you propose or  
22 to promote economic development in the Morristown Exchange  
23 in Corson County?

24 THE WITNESS: I guess that happens in many ways  
25 with a small company involved in rural America and a lot of

1 these rural towns. Sometimes it's in very small ways, but  
2 it all adds to the total picture. And I use this as an  
3 example: We just recently bought seven service vehicle this  
4 year from the dealer in Eagle Butte and Isabel. We have no  
5 dealerships. And we put them out for bids. And out of an  
6 area the dealer was \$3,000 cheaper on the total bid package.  
7 The board said these folks do business with us. There's a  
8 need for service in that type of development. Let's forgo  
9 that \$3,000 savings and do business with local people. I  
10 think that continues on.

11 We offer scholarships to the valedictorians of  
12 all high schools we service. And we also support  
13 advertising to many of the civic organizations. I think  
14 that's things that a bigger company such as U.S. West that  
15 rural companies really have missed is that personal in-town  
16 relationship. I think that's what we will promote as all  
17 the other purchasing companies in this associate group.

18 We have the need to be involved in the civic  
19 organizations, support the youth, 95th percent of our people  
20 in our telephone company are Eagle Butte graduates. So, you  
21 know, just local employment, I think, is a real high key.  
22 They know the customer and they are able to interact in many  
23 different ways. And I think that's what we are -- we will  
24 offer to the areas we're proposing to purchase.

25 MR. FERGEL: Do you intend to employ anyone



1 from the Morristown Exchange area?

2 THE WITNESS: We haven't went out and did any  
3 recruitment yet. We had a local job in our company at CRST  
4 Telephone. I know when we advertised we had about three  
5 people from that area call. And so, you know, those are  
6 things that we have to look at as people get along with  
7 local people. And maybe there is somebody in your area that  
8 wants to come back that's working for a telephone  
9 communications company someplace that will be ideal for our  
10 business structure. And, you know, that's an option for us  
11 to look at.

12 MR. FERGEL: You testified earlier that CRST  
13 and their subsidiary company plan to pay gross receipts tax  
14 on the Morristown Exchange and that portion of the Timber  
15 Lake Exchange located in Corson County since it is not  
16 located within the exterior boundaries of the Cheyenne River  
17 Sioux Tribe; is that correct?

18 THE WITNESS: That's correct.

19 MR. FERGEL: You also said that you would be  
20 subject to the oversight of the regulation of the PUC in  
21 those exchanges; is that correct?

22 THE WITNESS: In the areas outside of the  
23 Indian country, correct.

24 MR. FERGEL: But Corson County is fully located  
25 within that exterior boundaries of the Standing Rock Sioux

1 Tribe so, in effect, you wouldn't be subject to the  
2 authority of the PUC.

3 THE WITNESS: Now, as I understand it, there's  
4 a certain portion of the Morristown Exchange that falls  
5 within the Standing Rock Reservation.

6 MR. FERGEL: Right. All the portion that is  
7 located in the state of South Dakota falls within the  
8 Standing Rock Sioux Reservation. So you're saying that on  
9 that portion the company would not be subject to the  
10 regulation of the PUC?

11 THE WITNESS: Right.

12 MR. FERGEL: But it would be subject to the  
13 payment of gross receipts tax?

14 THE WITNESS: On the portion outside of that  
15 reservation.

16 MR. FERGEL: So what you're saying, then, the  
17 way I understood it before, you said that you were going to  
18 pay gross receipts tax on that portion in the South Dakota  
19 Morristown Exchange and in that portion of the Timber Lake  
20 exchange located within Corson County, which is on the  
21 Standing Rock Sioux Tribe, but now you're saying that isn't  
22 the case?

23 THE WITNESS: No. I think there is some  
24 confusion here. What I originally testified and what I do  
25 mean is we will pay gross receipts sales tax on all income

1 generated outside the reservation boundaries and not in the  
2 Standing Rock Sioux Tribe and Cheyenne River Sue Tribe.

3 MR. FERGEL: You will not be paying gross  
4 receipts tax on any portion of the exchanges located in  
5 Corson County?

6 THE WITNESS: Anything that falls within that  
7 Standing Rock or Cheyenne River Sioux Tribal Reservation we  
8 will not pay gross receipt sales tax at this time.

9 MR. FERGEL: And, therefore, you will not be  
10 subject to regulation by the PUC on that same area?

11 THE WITNESS: Correct.

12 MR. FERGEL: Since there are no citizens or  
13 members located in Corson County of your tribe or have  
14 physical residence there, in effect, none of the people in  
15 the Morristown Exchange citizens, whether they be members of  
16 the Standing Rock Sioux Tribe or not, will have a voice in  
17 the regulation of your company. No one will be able to vote  
18 on the councilmen for the Cheyenne River Sioux Tribe who  
19 would, in effect, appoint the directors of the company?

20 THE WITNESS: Correct.

21 MR. FERGEL: So if I understand you correct,  
22 the Corson County people who use your services, if the sale  
23 is approved, would have no say in the run of the business,  
24 or in the election of directors. The CRST would not pay any  
25 gross receipts tax, and the CRST would not be subject to the

1 PUC's regulation and oversight in all of that portion of  
2 property located in Corson County?

3 THE WITNESS: Correct.

4 MR. FERGEL: Do you have any plans to give the  
5 members of the Morristown Exchange or those members of the  
6 Timber Lake Exchange located in Corson County any type of  
7 voice in the company or in the way it's run?

8 THE WITNESS: Well, in the daily operation, no,  
9 other than customer complaints, customer suggestions to make  
10 it a better business, in which we run our business that way  
11 now, responsive to customer needs just through one-on-one  
12 contact.

13 As far as the customers being a member of the  
14 board or having voting control of policy, you know, from the  
15 board's position, they will not have that opportunity. We  
16 hope to develop the MOU and present it to the PUC so that  
17 people in the Morristown and Timber Lake have a stance of  
18 security that this is how we go about if we're subjected to  
19 a rate increase, we have procedure to register a complaint  
20 with the PUC and with the company and have a hearing or  
21 whatever that procedure may be. But we're trying to develop  
22 a procedure that people have a method of coming back and  
23 addressing any complaints.

24 MR. FERGEL: What procedures do you have now  
25 for the exchanges you currently operate to address the

1 complaints?

2 THE WITNESS: Customers are, number one, like  
3 any company, goes to management. They can go to the board.  
4 And we've had people go to Public Utilities Commission,  
5 register complaints, and they bring it back to us. And we,  
6 as a utility service organization, we try to get out and get  
7 a resolution to wherever that complaint comes from.

8 MR. FERGEL: But basically if there is a  
9 complaint and the consumer -- telephone consumer goes  
10 through the process and you come up with a decision, -- or  
11 the board makes a decision that is not favorable or in the  
12 eyes of the consumer or the complainant, they have nowhere  
13 else to go. I mean, what you say goes.

14 THE WITNESS: Correct. I want the point made  
15 very well it is documented -- the PUC staff can attest to  
16 that -- that we are a very heads-up company. That we attack  
17 the problem and get it corrected for the customer because we  
18 view it as a very valuable asset to our company and, you  
19 know, that's the way that we handle it.

20 MR. FERGEL: Do you consider the community as a  
21 whole a valuable asset to your company?

22 THE WITNESS: Sure.

23 MR. FERGEL: Then what's the objection to  
24 paying the gross receipts tax to help fund education and  
25 other community funded mandates by either the state or

1 federal government for the education of children, for fire  
2 protection, for police protection, and all those other  
3 activities?

4 THE WITNESS: I covered that in three years.  
5 We are civic minded. We believe to bring that to Morristown  
6 and Timber Lake Communities. As I said in the testimony,  
7 our civic responsibility is we hold back none. It helps out  
8 organizations such as the fire departments, putting that  
9 reinvestment back there to help those health and emergency  
10 services, as we've done and our communities have  
11 demonstrated.

12 Number two, knowing that education of the  
13 community has asked us to put fiberoptic cable to the  
14 facilities to provide infrastructure for future technology  
15 such as interactive video, we've done that ourselves and  
16 it's a major investment. We put fiberoptic ductwork from  
17 our central office to the edge of town, which is  
18 approximately half a mile. Unfortunately, that may be five  
19 years down the road.

20 But investment is now because we believe in the  
21 reality at some point. And so we're putting profits of the  
22 company back to address the needs of the future. And that's  
23 whether it's children, or data transmission for business, or  
24 economic development projects that may come down. We're  
25 involved with committing and doing things like that, and I

1 think that's what we'll be doing in other communities.

2 MR. FERGEL: But there's no guarantee it will  
3 happen. And if they do not happen, the members of the  
4 Morristown Exchange and Timber Lake Exchange will have no  
5 recourse to influence a decision by the CRST to do those  
6 types of things.

7 THE WITNESS: Correct. I want history to be a  
8 strong voice in this. That we put technological digital  
9 switches in '86 through that period where the communities of  
10 Morristown and Timber Lake just now received that  
11 technology. It's an eight to ten-year span. The  
12 reinvestment has been made into those communities. And I  
13 think that's where the small telephone companies that are a  
14 part of this group, which I'm proud to say that CRST have  
15 dealt with the same philosophies. The board will carry that  
16 over so you are not in eight or ten-year lag. You're ready  
17 for tomorrow.

18 MR. FERGEL: What about the \$9,824.36 that  
19 Morristown Exchange will lose in tax revenue that the county  
20 can use to fund various programs or the portion of the  
21 \$26,189 that's located outside of the corporate payments  
22 that the county could use to fund various programs? Do you  
23 think your investment or possible investment in the  
24 community will match that amount of lost tax revenue year  
25 after year?

1 THE WITNESS: It may well. There's no  
2 guarantees to that.

3 MR. FERGEL: No guarantees. I have no further  
4 questions.

5 THE CHAIRMAN: Mr. Hoshek?

6 MR. HOSHEK: No questions from the staff,  
7 Commissioners.

8 MR. BURG: I have two quick ones. One is, is  
9 there any method by which a nontribal member could become on  
10 the board of directors of the CRST?

11 THE WITNESS: We have had non-members on the  
12 board before. And the way it's done is it's kind of an open  
13 process that people can apply and submit applications to the  
14 tribal council or be nominated in these districts. Since  
15 I've been there from '82, no nonIndian has been on the  
16 board.

17 MR. BURG: But is there anything that prohibits  
18 that?

19 THE WITNESS: No.

20 MR. BURG: So a nontribal member would have an  
21 opportunity to attempt to be seated on the board; is that  
22 correct?

23 THE WITNESS: Correct.

24 MR. BURG: The other question is do you charge  
25 all the CRST members the same basic telephone rate?



1 THE WITNESS: Correct.

2 MR. BURG: Will you charge all the Owl River,  
3 Incorporated, members the same telephone rate?

4 THE WITNESS: Correct.

5 MR. BURG: Or at least they'll be charged the  
6 same rate as they're paying now?

7 THE WITNESS: That's our plan, not to change  
8 that rate base, you know. Once again, we just formed the  
9 company since December 7th and taken over, so its rate  
10 policy and that have not been -- We have been working to get  
11 to this point but, you know, the discussion in the board is  
12 that everything will remain the same with no need to change.  
13 The feasibility study that we've done is based on ways that  
14 are in place at this point.

15 MR. BURG: Is your intent to do the same thing  
16 with Owl River as with the other companies once you are paid  
17 off to incorporate one CRST, or don't you know that yet?

18 THE WITNESS: Don't know that yet.

19 MR. BURG: That's all the questions I have.

20 THE CHAIRMAN: Any redirect, Miss Ducheneaux?

21 MS. DUCHENEAUX: I guess I would like J.D. to  
22 clarify one thing. The question was asked by Mr. Aberlee  
23 concerning whether or not the Owl River would be willing to  
24 provide how it plans to repay any monies that it borrows to  
25 fund this purchase. And I would like, if he wants to